

CHIEF AUDITOR'S REPORT
February 2009

Attachment A

| SUBJECT | DATE OF ASSIGNMENT | STATUS |
|------------------------------|--------------------|--|
| 1. Biennial Audit Plan | June 2008 | <p>In Progress - The Board of Administration approved the Audit Plan for Fiscal Years 2008-09 upon recommendation by the Finance Committee on June 18, 2008. A mid-year assessment of Audit Services resources to complete the plan shows a net deficiency in budget to actual staff resources of approximately 10,070 hours (7,910 vacancies plus 2,160 furloughs or approx. 7.0 audit budget PY equivalents). Audit Services recommends deferring the following 10 audits from the current year plan:</p> <ul style="list-style-type: none"> • Regional Offices • Monitoring & Collections of Accounts Receivables • Transfer of Investments to Internally Managed Portfolios • External Investment Manager Review • Information Technology Procurement • Other Post Employment Benefit Trust • 4 Public Agency Reviews <p>The following audits in the Audit Plan will be assigned to Macias, Gini, O'Connell, LLP, the Board's independent auditor:</p> <ul style="list-style-type: none"> • Commodities Program • Alternative Investments (co-source) <p>An audit plan status report as of December 31, 2008 will be presented at the March 2009 Finance Committee meeting.</p> |
| 2. Financial Statement Audit | Ongoing Workload | <p>Complete – The Board of Administration accepted the audited financial statements, notes, and supplemental schedules at the November 20, 2008 meeting. The Board also accepted the Management Discussion and Analysis Section at the December 15, 2008 meeting. Item 4 of this meeting agenda is the Management Letter for Finance Committee recommendation to the Board for acceptance.</p> |